



# 1990-91 ACTION LETTER



## Student Aid Delivery System

GEN-90-10

Dear Colleague:

This is the eleventh and final student aid delivery system Action Letter. It describes how to file for the Special Condition calculation and how to transfer Special Condition information from one multiple data entry (MDE) processor to another. This transfer process has been revised for 1990-91 because of the new processing system explained in Action Letter #5.

### MILESTONES

The following chart shows the actual dates that each MDE contractor began processing applications and transmitting information to the Central Processing System (CPS):

MDE Processor	Began Processing	Began Transmitting
USAF .....	January 2 .....	January 10
CSX .....	January 2 .....	January 16
CSS		
CSS Applications .....	January 10 .....	January 19
Federal AFSA .....	January 10 .....	January 31
PHEAA .....	January 16 .....	January 25
ACT .....	January 18 .....	January 26

Some of these dates vary from those projected in Action Letter #8.

### USE OF SPECIAL CONDITIONS

Recent legislation suspended the authority of a financial aid administrator to adjust the Pell Grant cost of attendance or the Pell Grant Index (PGI) during the 1990-91 award year. However, other legislation requires the use of expected year income in special circumstances, thus establishing the use of Special Conditions for 1990-91. The Special Conditions and application procedures remain essentially the same as they were in 1989-90. Students who qualify for a Special Condition will apply by using the Cor-

rection AFSA or by changing information on the Student Aid Report (SAR). The aid administrator still may exercise discretion in adjusting the Family Contribution (FC) and may use professional judgment to override dependency status.

Special Conditions delineate the specific circumstances in which a family's financial situation worsens and expected year (calendar year 1990) rather than base year (calendar year 1989) income would best reflect the family's ability to contribute to the student's education. These specific circumstances are death, separation or divorce, loss of a full-time job, and/or loss of nontaxable income or benefits, such as Social Security, child support, welfare, unemployment benefits, etc. These circumstances may be those of an independent student or the parents of a dependent student; change in a dependent student's circumstances does not warrant the use of expected year income in place of base year income. A complete list of Special Conditions is attached to this letter. "Expected year income" is the term used to describe income for the first year of the award year, since total income for the year can only be estimated at the time of application and may change due to unexpected circumstances.

When a PGI is calculated based on expected year income, expected year income also will be used to calculate the FC. An FC calculated using expected year income will show the letter "E" beside the FC printed at the top of the SAR, and the alternate FC values printed on the bottom of the SAR will also show expected year income. It's up to the aid administrator to decide whether to use the FC from a Special Condition calculation. The decision to use a Special Condition FC must be documented in the student's file.

## APPLYING FOR THE SPECIAL CONDITION

1. *First Application.* The Correction AFSA can be used as the student's first application if the student is eligible for a Special Condition when initially applying for financial aid. As we explained in Action Letter #6, the Correction AFSA may also be used as a first application when an aid administrator decides to override a student's dependency status.

The financial aid administrator should instruct the student to fill out Section I of the Correction AFSA even if the student qualifies for the simplified needs test and would not otherwise need to complete the Supplemental Information portion of the application. The student should complete all the questions in Section I, *even if the answer to the dislocated worker question is "no,"* because answers to those questions provide the expected year income used in a Special Condition calculation. The aid administra-

tor then checks the box indicating a Special Condition in the "School Use Only" box on the application, enters the Pell Institution Number, and signs where indicated. The student signs and submits the form in the usual manner.

The student mails the Correction AFSA to CSS, the AFSA processor, and the information is entered and transmitted to the Central Processing System (CPS) for calculation of a PGI and an FC. The CPS transmits the information back to the AFSA processor and a SAR is produced and mailed to the student. The SAR is used as a payment document for the Pell Grant. If the student's school accepts the Federal AFSA for both Federal and institutional aid, the student need only take (or mail) the SAR to the school to receive his or her aid award.

2. *Filing for a Special Condition after initial application.* If the student has already submitted an application and then finds out that he or she is eligible for a Special Condition, there are two alternatives for filing:

- The student may wait until he or she receives a SAR and then enter the expected year income on Part 2 of the SAR—line items 61 through 65 of Section H for the independent student or line items 104 through 108 of Section N for parental data for the dependent student. These lines are normally reserved for dislocated worker information; however, if filing for a Special Condition, the information should be provided *whether or not* the student or parent qualifies as a dislocated worker, since expected year income can only be reported in Sections H and N of the SAR. The student (and spouse/parent, if applicable) signs the certification statement on the back of Part 2, and the financial aid administrator fills in the "School Use Only" box on the SAR by checking the Special Condition box, entering the Pell Institution Number, and signing on the line indicated. The student mails the SAR to the MDE processor that produced it. In most cases, the easiest and fastest way to apply for a Special Condition after initial application is to use the SAR.
- The student may fill out and submit a Correction Application, as described above. The Correction Application is viewed by the Central Processing System as an "original" application, so the student at the same time is allowed to update asset information. This may be useful in the case of a Special Condition based on a natural disaster when, for example, the disaster has resulted in loss of employment and has affected the asset value of a home.

The student *must* fill out a Correction AFSA, rather than using the SAR, if the Special Condition involves a change in dependency status. For example, if his

or her surviving parent dies, the student may file for a Special Condition. The aid administrator in such a case checks the Special Condition box in the "School Use Only" box, fills in the school's Pell Institution Number, and signs where indicated. The student signs and mails the Correction AFSA as usual.

## TRANSFER OF SPECIAL CONDITION INFORMATION

A student who is filing for a Special Condition may want to transfer his or her information to a different processor. The following discussion shows how the student's information is transferred when:

- 1) the student uses the Correction AFSA as a first application,
- 2) the student has already submitted an application and uses the Student Aid Report to apply for a Special Condition, or
- 3) the student has already submitted an application and uses the Correction AFSA to apply for a Special Condition.

We have added two scenarios to illustrate the first and third cases. These scenarios are a continuation of the series used in Action Letter #6 to explain how the student's information is transferred from one processor to another. (A summary of all the transfer scenarios is included on pages 7 and 8 of this letter.)

1. *Correction AFSA used as a first application.* If the student applies for a Special Condition using the Correction AFSA as a first application, the student's information will be processed by the AFSA processor. If the student wants to transfer the information on the Correction AFSA to the MDE processor required by his or her school, the student should use the Request for Information Transfer (RIT) form. The student should mail the Correction AFSA but wait two weeks before filing the RIT. The two-week interval allows time for the application information to be processed by the CPS before a request for transfer of that information is received. The student obtains a RIT form from the school he or she wants to receive the information, the financial aid administrator and the student fill it out, and the student (or aid administrator) submits it to the appropriate MDE processor.\* The Federal core data is then transferred, at no cost to the student, to the indicated MDE processor. However, the MDE may ask the student to furnish non-Federal data in addition to the Federal core data received through the RIT and may charge the student for the generation of an additional report

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\* Remember, CSS and PHEAA do not accept transfer data from the RIT. The student will need to fill out another application in order to provide non-Federal information to those processors. Note that the CPS automatically transfers the Federal core data from the previous MDE processor to the new processor when it receives applications subsequent to the first application—see Scenario 5 in Action Letter #6.

for the non-Federal data. Information on the RIT form and a sample of the form were provided in Action Letter #6.

***Scenario 6 (follows Scenarios 1-5 in Action Letter #6)—Transfer of information from a Correction AFSA used as a first application***

*In this scenario, the student has used the Correction AFSA to file for the Special Condition but wants to transfer that information to another MDE processor.*

Dana C.'s father lost his job three months before she applied to Curritack Community College, so she filed for a Special Condition using the Correction AFSA. Curritack accepts the Federal AFSA for both Federal and institutional aid. However, Dana also wants to apply to Carolla Technical Institute, which uses the USAF application form to collect State agency as well as Federal information. Dana waited two weeks after filing the Correction AFSA and then filed a RIT form sent by Carolla at her request. Before sending the RIT form to Dana, the aid administrator at Carolla checked the box requesting that the information be forwarded to USAF and filled in the "School Use Only" box. Dana then completes the form and mails it to USAF, using the address printed on the form. USAF transmits the RIT information to the CPS, which sends Dana's FC, PGI, and other Federal information back to USAF. USAF produces a SAR and mails it to Dana. Dana takes the SAR to Carolla, so that a financial aid package can be produced based on the information on the SAR. Carolla requests that Dana fill out the non-Federal data on the USAF form; however, there is no charge to Dana to complete the form since the USAF form is free.

2. *Special Condition filed using a Student Aid Report.* If the student has *already* submitted an application and then finds that he or she is eligible for a Special Condition, the student may use the SAR from that application to apply for the Special Condition, as well as to transfer information to another MDE processor. The "RIT block" on the SAR allows the aid administrator to indicate which MDE should receive the information.

The updated SAR will go back to the MDE processor that generated it. When processed, the information on that SAR is transferred to the MDE indicated in the "RIT

<b>School Use Only</b>	PGI:	SEC.PGI:	FC:	SEC.FC:	301-80-0158 BE 01
FAA Recalculated PGI <input type="checkbox"/>				PGI Calculation Requested:	
Request for Information Transfer (RIT) <input type="checkbox"/>				Projected Yr. Data <input type="checkbox"/>	
Special Condition <input checked="" type="checkbox"/>	Pell Institution No. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			FAA Signature _____	

### RIT BLOCK

Write in the agency code to designate the MDE processor that you want to receive the student's information.

A = ACT  
 B = FSAP  
     (AFSA Processor)  
 U = USAF  
 X = CSX

block.” The procedure for using the RIT block on the SAR to transfer information to another MDE processor is described in *Scenario #3—Transfer using a SAR* in Action Letter #6.

3. *Correction AFSA filed after the student has filed a "regular" application.* In such a case, the information from the Correction AFSA will automatically be transferred back to the student's previous MDE processor, which will generate the SAR. Remember that if dependency status changes as the result of a Special Condition, the student must use the Correction AFSA, rather than the School Use Box on the SAR, to apply for the Special Condition. *Scenario 2* in Action Letter #6 describes the transfer of information when dependency status changes. In *Scenario 2*, the aid administrator used professional judgment to change the student's dependency status. However, the method of transfer is the same.

The student mails the Correction AFSA to the AFSA processor, which transmits the data to the CPS. The CPS receives the information, calculates a new PGI and FC, and transfers the information back to the previous MDE processor. That processor generates a corrected SAR and mails it to the student.



### *Scenario 7—Transfer using a Correction Application after initial application*

*In this scenario, after initial application the student's financial situation is drastically altered due to a Special Condition. The student decides to fill out a Correction AFSA rather than waiting for the SAR to arrive, and the information is transferred automatically to the MDE through which the original application was made.*

Miguel A. applied to Magenta Sands Community College and filled out the CSX form preferred by the college. His parents separated a few weeks later, and Miguel stayed with his mother, who works part-time. He now qualifies for a Special Condition, so Miguel fills out a Correction AFSA and mails it to the address on the form. The application information is processed by the AFSA processor and sent to the CPS, where Miguel's PGI and FC are recalculated. The updated information is transferred automatically to the original processor, CSX, and CSX prints a SAR and sends it to Miguel.

If Miguel wants to transfer his information to another MDE processor after filing the Correction AFSA, he should use the RIT box on the SAR he received from CSX.

### SUMMARY OF INFORMATION TRANSFER SCENARIOS

In Action Letter #6 and in this Action Letter, scenarios have been used to illustrate those cases in which information will be transferred to another processor. These scenarios are summarized below to provide a brief review of the information transfer process.

- *Scenario 1—Rejected application*

If the CPS cannot process a student's data due to incomplete or insufficient information, a Correction Application must be filed. The system transfers the corrected information to the previous MDE processor, and that processor sends a SAR to the student. (Action Letter #6, p. 7)

- *Scenario 2—Dependency status changes after initial application*

A dependency status change requires the use of a Correction AFSA; again, the system transfers the information to the previous MDE processor, and that processor produces a SAR for the student. (Action Letter #6, p. 8)

- *Scenario 3—Transfer using a SAR*

With the help of the financial aid administrator, a SAR can be used to transfer data from one MDE processor to another. (Action Letter #6, p. 11)

- *Scenario 4—Transfer using the RIT form*

A student who has not yet received a SAR can use the RIT form to transfer information from one MDE processor to another. (Action Letter #6, p. 12)

- *Scenario 5—Multiple applications*

Filing two applications with different MDE processors produces a system-generated transfer of information. (Action Letter #6, p. 13)

- *Scenario 6—Transfer of information from a Correction AFSA used as a first application*

If the Correction AFSA is used as a first application to file for a Special Condition, a RIT can be used to transfer information to another MDE processor. (Action Letter #11, p. 5)

- *Scenario 7—Transfer using a Correction Application after initial application*

If, after an initial application, a Correction AFSA is used to file for a Special Condition, the updated information is transferred automatically to the previous MDE processor. (Action Letter #11, p. 7)



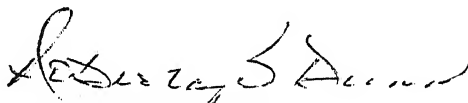
## LOOKING AHEAD

Start-up of the 1990-91 delivery system has begun. All components of the system are in place.

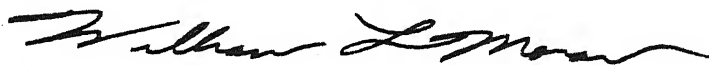
For the 1991-92 award year, the Federal portion of each MDE application will be available to students free of charge. Thus, students who want to apply only for Federal aid will be able to fill out the Federal core data on any MDE application and submit the application without paying a fee.

This concludes the series of Action Letters for the 1990-91 delivery system. We hope these letters have been informative and helpful.

Sincerely,



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Deputy Assistant Secretary  
for Student Financial Assistance



William L. Moran  
Director, Student Financial  
Assistance Programs

Attachment

cc: Leonard Haynes III  
Assistant Secretary  
for Postsecondary Education

## SPECIAL CONDITIONS

### DEPENDENT

### INDEPENDENT

#### Loss of employment

- One of the student's parents (or a stepparent) earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.

- The student worked full-time (at least 35 hours a week) for at least 30 weeks in 1989, but is not working full-time now. (Does not apply to the student's spouse.)
- The student's spouse earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.

#### Loss of earnings due to disability or natural disaster

- One of the student's parents earned money in 1989, but has not been able to earn money in his or her usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.

- The student (or spouse) earned money in 1989 but has not been able to earn money in the usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.

#### Loss of untaxed income or benefit

- One of the student's parents received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must have been paid by a public or private agency, from a company, or from a person because of a court order.

- The student (or spouse) received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.

#### Separation or divorce

- The student has already applied for Federal student aid, but his or her parents have separated or gotten divorced since that time.

- The student has already applied for Federal student aid, but has separated or been widowed or divorced since that time.

#### Death

- The student has already applied for Federal student aid, but, since that time, one of the student's parents has died.

- The student has already applied for Federal student aid as a dependent student, but, since that time, the student's last surviving parent has died.

